
Gender has little effect on IRA asset allocation: EBRI

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Men and women differ in many ways, but they do not allocate the assets in their individual retirement accounts (IRA) very differently, according to a new report from the Employee Benefit Research Institute (EBRI).

While gender has little impact on IRA asset allocation, other factors do, the EBRI says. People of either sex who are relatively older, who have relatively higher account balances, or who own a rollover IRA had, on average, lower allocations to equities, according to the report.

Traditional IRAs that originated from rollovers had the lowest percentage of assets in equities (at 41.3%), the highest in money (12.8%) and the highest in bonds.

Roth IRA owners had the highest share of assets in equities (59.1%) and balanced funds (15.5%). They were also much more likely to have 90% or more of their account invested in equities than owners of the other IRA types. IRA owners who also were 35 to 44 years old *or* had balances under \$10,000 were more likely to have more than 90% in equities.

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Generally, as account balances increased, the percentages of assets in a combination of equities (owned directly or through mutual funds) and balanced funds (including target-date funds) decreased, while the percentage in fixed income and "other" assets increased.

Equity allocations were highest for those ages 25 to 34 with the largest account balances and lowest for young IRA owners (under age 35) with account balances under \$10,000.

"Those under age 45 were much more likely to use balanced funds than were older IRA owners, and those under age 35 with balances less than \$25,000 had particularly higher allocations to balanced funds," noted Craig Copeland, EBRI senior research associate and author of the report. "This shift follows the standard investing 'rule of thumb' that individuals should reduce their allocation to assets with high variability in returns (equities) as they age."

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